

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:                     )  
  )  
Business Meeting                     )  
  )  
\_\_\_\_\_                              )

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 2, 2005

10:02 A.M.

Reported by:  
Peter Petty  
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Arthur Rosenfeld

James D. Boyd

John L. Geesman

Jackalyne Pfannenstiel

STAFF PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Betty McCann, Secretariat

Richard "Dick" Anderson

Cece Martin

Guido Franco

George Simons

Mike Magaletti

Kevin Kennedy

Caryn Holmes

Al Alvarado

Jim Woodward

PUBLIC ADVISER

Nick Bartsch

ALSO PRESENT

Gary Schoonyan  
Southern California Edison Company

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1 P R O C E E D I N G S

2 10:02 a.m.

3 CHAIRMAN KEESE: We'll call this meeting  
4 of the Energy Commission to order. Commissioner  
5 Rosenfeld, would you lead us in the Pledge,  
6 please.

7 (Whereupon the Pledge of Allegiance was  
8 recited in unison.)

9 CHAIRMAN KEESE: Good morning, everyone.  
10 As we get started today I'd just like to comment  
11 that Mark Hutchison, who was with us for a little  
12 more than 15 years, our chief financial man,  
13 slipped out the door yesterday to another position  
14 in state employ, at which he evidently is going to  
15 be very happy also.

16 I would like to say that during my years  
17 here Mark has brought us up to financial  
18 stability, which was actually a little easier this  
19 year than it's been some of the interim years as  
20 we fought.

21 But as a point of personal privilege  
22 today, we're pleased to honor another individual.  
23 So, Mr. Anderson, would you step forward, please.

24 And I will read from here a little  
25 resolution. Whereas, Richard "Dick" Anderson has

1 worked in the State of California since 1977. and  
2 for the last 26 years as a biologist for the  
3 California Energy Commission, demonstrating a  
4 commitment to excellence while making important  
5 contributions in his field, and,

6           Whereas Dick has provided the Energy  
7 Commission with expert advice, analysis and policy  
8 recommendations in biology and water resources on  
9 over 40 sometimes controversial and contentious  
10 power plant licensing cases, and,

11           Whereas Dick set the standard by being  
12 the first to recognize the need for the state to  
13 receive habitat compensation for power plants  
14 permitted by the Energy Commission, and worked  
15 diligently for the Commission to adopt a policy to  
16 use alternative water supplies for power plant  
17 cooling instead of fresh water, and,

18           Whereas Dick has been a leader in  
19 assisting the Energy Commission in the state to  
20 value and preserve the natural habitat of  
21 endangered species, including examining the  
22 impacts of energy development in Kern County to  
23 those wildlife communities and avian mortality in  
24 San Geronio and the Tehachapi wind resource  
25 areas, and,

1               Whereas Dick worked with distinction as  
2       a member of the bald eagle rescue and recovery  
3       team in Alaska following the major oil spill from  
4       the tanker Valdez, and has risked life and limb --

5               (Laughter.)

6               CHAIRMAN KEESE:  -- in the performance  
7       of his duties, surviving a helicopter crash near  
8       the Geysers and a fire at the Tehachapi Wind Field  
9       Office, and,

10              Whereas, even though retiring from the  
11       Energy Commission, Dick intends to continue his  
12       life long passion of environmental conservation  
13       and biology work, including trapping and studying  
14       Swainson Hawks and other species requiring the  
15       study of protection,

16              Therefore be it resolved that the  
17       California Energy Resources Conservation and  
18       Development Commission commends and thanks Richard  
19       Anderson for his almost three decades of exemplary  
20       and professional contributions to the well being  
21       of the citizens of California and their  
22       environment, and wishes him good health and all  
23       the best in his future endeavors.

24              (Applause.)

25              MR. ANDERSON:  I jotted down a few

1 things.

2 (Laughter.)

3 MR. ANDERSON: Chicken breasts, salad  
4 dressing --

5 (Laughter.)

6 MR. ANDERSON: I just want to say it's  
7 been a pleasure working with everybody. Best of  
8 luck to everybody.

9 (Applause.)

10 COMMISSIONER PFANNENSTIEL: Mr.  
11 Chairman.

12 CHAIRMAN KEESE: Commissioner  
13 Pfannenstiel.

14 COMMISSIONER PFANNENSTIEL: Before we  
15 commence the business meeting agenda I also have a  
16 resolution that I'd like to read.

17 Whereas Chairman William J. Keese was  
18 appointed to the California Energy Commission in  
19 March 1997 and reappointed in February 2001 as the  
20 public member at large, and,

21 Whereas Chairman Keese was only the  
22 Commission's fourth chairman in its 30-year  
23 history, serving three different Governors, and,

24 Whereas Chairman Keese's outstanding  
25 leadership reestablished the Commission's role as

1 a key developer of state energy policy, and,  
2                   Whereas Chairman Keese raised  
3 California's energy policy stature nationally  
4 through his association as Chairman of the Western  
5 Interstate Energy Board and National Association  
6 of State Energy Offices, as well as his service as  
7 Board Member of the Alliance to Save Energy, and,

8                   Whereas Chairman Keese presided over  
9 three of the most difficult siting cases reviewed  
10 during his tenure, earning him the honor of being  
11 the most well recognized Commissioner in the  
12 communities along the coast and the Central  
13 Valley, --

14                   (Laughter.)

15                   COMMISSIONER PFANNENSTIEL: Therefore be  
16 it resolved that the California Energy Resources  
17 Conservation and Development Commission commends  
18 and thanks William J. Keese for his substantial  
19 contributions to the overall economic and  
20 environmental well being of the State of  
21 California.

22                   (Applause.)

23                   CHAIRMAN KEESE: Photo-op, photo-op.  
24 Thank you.

25                   Well, Dick, you sure you don't want to



1 stay now?

2 (Laughter.)

3 CHAIRMAN KEESE: You got rid of me.

4 MS. MARTIN: Good morning, Chairman  
5 Keese; I'm afraid we're not quite through with  
6 resolutions.

7 I'd like to present to you a joint  
8 resolution from the Legislature, and I'd like to  
9 take a moment to read it to you.

10 By the Honorable Don Perate, President  
11 Pro Tempore of the Senate, and the Honorable  
12 Fabian Naves, Speaker of the California State  
13 Assembly, relative to commending William J. Keese.

14 Whereas William J. Keese is stepping  
15 down as Chairman of the California Energy  
16 Commission on March 4, 2005, and it is appropriate  
17 at this time to highlight his many achievements  
18 during his years in office, and extend to him our  
19 heartfelt thank you for a job well done, and,

20 Whereas William Keese has served as  
21 Chairman of the California Energy Commission since  
22 March 1997 when he was initially appointed by  
23 Governor Pete Wilson, and he was reappointed by  
24 Governor Gray Davis in February 2001, and,

25 Whereas Chairman Keese served as the

1 Presiding Member of the Budget and Management  
2 Committee, Electricity Committee and Legislative  
3 and Intergovernmental Affairs Committee, and,

4           Whereas a lawyer by profession he brings  
5 to the Energy Commission 25 years of experience in  
6 the energy field, and,

7           Whereas Chairman Keese started his  
8 career as a corporate attorney for Signal Oil and  
9 Gas Company in 1963 dealing with geothermal energy  
10 and general oil issues, and,

11           Whereas he later represented ten major  
12 oil companies for five years and the California  
13 Solar Energy Industry Association for 12 years,  
14 and he was Director of Governmental Affairs for  
15 the California Dental Association from 1981 to  
16 1997, and,

17           Whereas Chairman Keese's initial energy  
18 activities included work on the legal framework by  
19 the development of geothermal resources in the  
20 Geysers area of California and on collaborative  
21 agreements for the development of British North  
22 Sea petroleum reserves, and he also did  
23 substantial work on California's initial Superfund  
24 legislation,

25           Whereas Chairman Keese has been involved

1 in renewable energy for over 30 years and he looks  
2 forward to promoting Governor Schwarzenegger's  
3 goal of developing 30,000 megawatts of clean  
4 generation in the west as CoChair of the Western  
5 Governors Association's Clean and Diversified  
6 Energy Advisory Committee, and,

7               Whereas a member of the Committee on  
8 Regional Electric Power Cooperation, Chairman  
9 Keese serves as Chairman of the Western Interstate  
10 Energy Board and is the immediate past Chairman of  
11 the National Association of State Energy  
12 Officials, and,

13              Whereas Chairman Keese lives in Graeagle  
14 and has been happily married to his wife, Aggie,  
15 since 1978,

16              Whereas he has four very successful  
17 children, William, Karen, James and Jonathan, and  
18 he is a proud grandfather, and,

19              Whereas in his spare time Chairman Keese  
20 enjoys tennis and golf, and,

21              Whereas intelligent --

22              (Laughter.)

23              MS. MARTIN: -- and articulate, aware  
24 and involved, Chairman Keese is a fine example of  
25 a public spirited citizen willing to assume the

1 responsibilities of leadership, and,

2           Whereas the contributions that he has  
3 made to the people of California have been  
4 invaluable and he has made a lasting impression on  
5 those individuals with whom he has been  
6 associated.

7           Now, therefore, be it resolved by the  
8 Joint Rules Committee of the Senate and the  
9 Assembly that William J. Keese be commended on his  
10 exemplary record of service to the people of the  
11 State of California and extend its sincere best  
12 wishes for continued success in his future  
13 endeavors.

14           (Applause.)

15           MR. THERKELSEN: That's pretty  
16 impressive, Bill, the Legislature knows a lot  
17 about you, don't they?

18           (Laughter.)

19           MR. THERKELSEN: I'm also amazed that  
20 the turnover in Executive Directors is a lot  
21 faster than it is in Chairmen. We're not done  
22 with you yet, though, because we have one more --

23           CHAIRMAN KEESE: You know, the Chair  
24 usually knows what the agenda is --

25           (Laughter.)

1           MR. THERKELSEN: I didn't give you a  
2       briefing yesterday, did I? We have one more  
3       little thing here. This is -- got a letterhead on  
4       it entitled Governor Arnold Schwarzenegger, to  
5       William J. Keese:

6           "Dear Bill -- and I won't attempt to do  
7       the pronunciation that the Governor would do --  
8       "On behalf of all Californians I want to thank you  
9       for your outstanding service as the Chairman of  
10      the California Energy Commission. Over the past  
11      eight years your guidance has been instrumental in  
12      addressing California's energy challenges.

13           "Under your direction the Commission  
14      expanded its role in energy policy development and  
15      collaborated effectively with other energy and  
16      environmental agencies. Your steadfast leadership  
17      helped increase the amount of generating capacity  
18      within California. You also helped establish a  
19      loading order that stressed the importance of  
20      energy efficiency, renewable energy and  
21      infrastructure improvements. You have increased  
22      California's visibility as an energy leader at the  
23      regional and national levels.

24           "I am pleased that we will continue our  
25      association through your participation in the

1 Western Governors Association Clean and  
2 Diversified Energy Advisory Committee.

3 "Thank you for your professionalism and  
4 the great advice you have given my staff and me as  
5 we work together to meet the needs of  
6 Californians. Please accept my best wishes for  
7 every continued success.

8 "Sincerely, Arnold Schwarzenegger."

9 CHAIRMAN KEESE: Well, thank you.

10 (Applause.)

11 MR. THERKELSEN: Do you want to try to  
12 get the business meeting started now?

13 (Laughter.)

14 CHAIRMAN KEESE: You know, we had an  
15 agenda. It was going to be a 20-minute business  
16 meeting. I see --

17 COMMISSIONER GEESMAN: It still could  
18 be.

19 (Laughter.)

20 CHAIRMAN KEESE: You know, seeing the  
21 large crowd here I just want to thank everybody,  
22 because it's a team. That's what it takes, and  
23 that's what I think we've built. And that's what  
24 leads me to think that you'll do great going  
25 forward. I see a bright future for the energy

1       entity in whatever form that is. And whatever  
2       form that is, it's going to be you.

3               I think that we've moved a long ways in  
4       the eight years, if those of you who remember when  
5       we started with a few stove pipes. We had a lot  
6       of mini-Commissions around here, but now we're  
7       operating as a Commission, and with the leadership  
8       that we leave behind here, I know things are going  
9       to be great for the state and for the energy  
10      industry and for you who will make it all work.

11             So, thank you, I appreciate everything  
12      you did today.

13             (Applause.)

14             CHAIRMAN KEESE: And just in case you're  
15      not sure that I have a wife who lives 150 miles  
16      from here, and four kids who live around the west,  
17      they'll be there Monday night. So, thank you.

18             All right. Shall we be on with our  
19      agenda.

20             The consent calendar.

21             COMMISSIONER ROSENFELD: I move the  
22      consent calendar.

23             COMMISSIONER GEESMAN: Second.

24             CHAIRMAN KEESE: Motion, Rosenfeld.  
25      Second, Geesman.

1 All in favor?

2 (Ayes.)

3 CHAIRMAN KEESE: Opposed? Adopted five  
4 to nothing.

5 Item 2, Applied Geosolutions LLC, UC  
6 David, UC Riverside and California State at  
7 Fresno. Possible approval of work authorization  
8 MR-037 not to exceed \$492,582 to develop and  
9 validate a model to estimate baseline greenhouse  
10 gas emissions and possible emissions reductions  
11 from mitigation measures used at dairies.

12 Mr. Franco.

13 MR. FRANCO: Good morning,  
14 Commissioners.

15 COMMISSIONER ROSENFELD: Turn on your  
16 mike, Guido.

17 MR. FRANCO: Good morning,  
18 Commissioners. As you may know dairies are a  
19 significant source of both criteria pollutants and  
20 greenhouse gas emissions.

21 There are approximately \$1.6 million  
22 being invested right now in research. They're  
23 looking at emissions of criteria pollutants. But  
24 what we do with this project is to enhance those  
25 measuring programs to add the measurements of



1 greenhouse gases, methane and nitrous oxide  
2 mainly.

3 From this project we will get three  
4 things. First, we will get a new estimates of  
5 greenhouse gas emissions from dairy farms.  
6 Second, we will get a new process-based model  
7 following the direction given by the National  
8 Academy of Sciences, which recommends developing a  
9 process based (inaudible) from dairy farms.

10 We also will get a system that would  
11 allow the estimation of both criteria and  
12 greenhouse gas emissions on a statewide basis.

13 This is a very important project for  
14 California, and I ask you for your approval.

15 CHAIRMAN KEESE: Thank you.

16 COMMISSIONER ROSENFELD: I move item 2.  
17 The Committee was pleased with it.

18 CHAIRMAN KEESE: Motion, Rosenfeld.

19 COMMISSIONER GEESMAN: Second.

20 CHAIRMAN KEESE: Second, Geesman.

21 Conversation?

22 All in favor?

23 (Ayes.)

24 CHAIRMAN KEESE: Opposed? Adopted five  
25 to nothing. Thank you. And I would just comment

1       briefly, I've had three visits in the last two  
2       months in this general area. One from an entity  
3       called EcoFlanders, where they have now declared  
4       that for feedlot operations there will be no  
5       emissions period, air or water. And they're going  
6       to closed loop.

7               A second one from some Nebraska corn  
8       growers who are proposing to build eight or ten  
9       ethanol plants in California, closed loop.

10              And the one yesterday, last night, from  
11      another entity who has a closed loop, essentially  
12      anaerobic, system that they now have funded and  
13      are prepared to bring to California.

14              So, this is a -- it just seems that the  
15      timing is now right for something that we, as a  
16      Commission, have worked at for the last six,  
17      seven, eight years. So, good luck.

18              Item 3, Western United Resource  
19      Development, Inc. Possible approval of contract  
20      400-01-001, amendment 2, to disencumber \$2,817,380  
21      from the original \$9 million contract in response  
22      to the Department of Finance direction to revert.

23              MR. SIMONS: Good morning,  
24      Commissioners. I'm George Simons with the PIER  
25      program. And I'll keep this short.

1                   This is a reversion. These were SB5X  
2                   moneys that are general fund moneys. Department  
3                   of Finance asked that they be provided back.

4                   I do want to make a quick editorial  
5                   comment that I think it's ironic that this comes  
6                   on the tail-end of what Guido was just talking  
7                   about. The 5X moneys under the dairy power  
8                   production program were to provide funding for up  
9                   to 20 dairies.

10                  We ran into interconnect problems,  
11                  permitting problems that caused delays in the  
12                  program. Otherwise, I think we would have -- we  
13                  had more than enough subscriptions to provide all  
14                  of the \$9.64 million out for dairy digester  
15                  programs; systems that would substantially help  
16                  reduce some of the problems that we have on  
17                  dairies.

18                  But, again, the Department of Finance  
19                  has asked that these moneys be reverted.

20                  CHAIRMAN KEESE: Thank you. Do we have  
21                  anybody who's willing to accept that? Do I have a  
22                  motion?

23                  COMMISSIONER PFANNENSTIEL: So moved.

24                  CHAIRMAN KEESE: Motion, Pfannenstiel.

25                  COMMISSIONER GEESMAN: I'll second it.

1 CHAIRMAN KEESE: Second, Geesman.

2 All in favor?

3 (Ayes.)

4 CHAIRMAN KEESE: Opposed? Adopted five  
5 to nothing.

6 Item 4, the Regents of the University of  
7 California, Office of the President. Possible  
8 approval of contract 500-99-013, amendment 3, for  
9 \$10 million to provide technical support to the  
10 PIER and public interest natural gas programs.

11 MR. MAGALETTI: Good morning, Chairman;  
12 good morning, Commissioners. My name is Mike  
13 Magaletti. I work for the PIER program and I am  
14 the contract manager on this contract.

15 It is an amendment augmenting the  
16 existing interagency agreement adding \$10 million  
17 to that agreement, bringing it to a total of \$26  
18 million. And it also modifies language allowing  
19 us to use some funds, up to approximately \$650,000  
20 in the support of a public participation natural  
21 gas research program, which we have been named  
22 administrator of by the Public Utilities  
23 Commission.

24 I ask for your support.

25 COMMISSIONER ROSENFELD: Mr. Chairman, I

1 move item 4.

2 CHAIRMAN KEESE: Motion, Rosenfeld.

3 COMMISSIONER GEESMAN: Second.

4 CHAIRMAN KEESE: Second, Geesman.

5 All in favor?

6 (Ayes.)

7 CHAIRMAN KEESE: Opposed? Adopted five  
8 to nothing.

9 MR. MAGALETTI: Thank you.

10 CHAIRMAN KEESE: Glad to see we're off  
11 and running on that.

12 Item 5, 2005 Integrated Energy Policy  
13 Report. Consideration and possible decision to  
14 initiate enforcement actions.

15 MR. KENNEDY: Good morning,  
16 Commissioners. I'm Kevin Kennedy, the program  
17 manager for the 2005 Integrated Energy Policy  
18 Report. And I would like to provide an update on  
19 the status of the demand forecast filings that  
20 were due February 1st. And also an initial report  
21 on the supply filings that were due yesterday.

22 And then Caryn Holmes from the Legal  
23 Office will discuss briefly some enforcement  
24 options for the demand filings.

25 Overall the response to the demand

1 filings has been extremely good, extremely  
2 cooperative. At this point we have received the  
3 information we had requested from all of the IOUs,  
4 from all of the electricity service providers, and  
5 from most of the municipal utilities.

6 Of the municipal utilities that we are  
7 missing information from we have indications that  
8 they are expecting to file later this week, so  
9 they are late. But they have been working  
10 diligently to provide the information.

11 Those include Roseville, Riverside,  
12 Pasadena and Glendale. The one municipal utility  
13 that we have concerns about at this point is the  
14 City of Burbank, which has so far not been able to  
15 give us a due date for when they expect to be able  
16 to provide the information. It appears to be  
17 something that's not especially high on their  
18 priority list.

19 I also want to clarify some discussion  
20 that we -- actually follow up from some discussion  
21 from the last business meeting where we had some  
22 discussion of the status for the Department of  
23 Water Resources.

24 Since that business meeting I have had  
25 some further discussion with the demand staff in

1 terms of what exactly we need from the Department  
2 of Water Resources, and also the Metropolitan  
3 Water District and U.S. Bureau of Reclamation.

4 Much of the information that we've  
5 requested in the demand forms is very much  
6 oriented towards retail electricity sales, which  
7 is not relevant for those three entities. There  
8 is information that we do need from each of the  
9 three, but demand staffs have actually been  
10 working fairly closely with those agencies to make  
11 sure that they get the information they need and  
12 in the form that they need it.

13 So, from an enforcement perspective,  
14 there's not a concern from the staff perspective  
15 with those three agencies at this point. We have  
16 good working relationships there.

17 With that, I would like to just very  
18 quickly mention the status on the resource filings  
19 that were due yesterday. We already have -- and  
20 this is something of a moving target, as we're  
21 trying to make sure what's actually come into  
22 dockets, but as of the end of the day yesterday my  
23 understanding is we have the filings from four of  
24 the municipal utilities. We also have items and  
25 emails from at least PG&E and SDG&E indicating

1       that they have provided at least a portion of the  
2       filings. And I know PG&E was saying they were  
3       going to be providing the remainder of their  
4       filing in paper form today, hand-delivering that.

5               I had had some voicemail exchange with  
6       Southern California Edison, as well, earlier in  
7       the week, indicating that they were in the process  
8       of putting their filing together. So if it's not  
9       here yet, I'm expecting that today or tomorrow.

10              So, in terms of the three investor-owned  
11       utilities, it looks like we're having very good  
12       cooperation in terms of getting the resource plans  
13       in.

14              For the municipal utilities I suspect it  
15       may be very similar to the experience with the  
16       demand filings where essentially over the next few  
17       weeks we will get most of what we are looking for  
18       from most of those utilities. They tend to be  
19       smaller, for the most part, and so it's taken them  
20       a bit longer to pull some of the information  
21       together. But generally they've been very  
22       cooperative.

23              And with that, I'd like to turn to Caryn  
24       in terms of some of the enforcement concerns.

25              MS. HOLMES: Thank you. And good



1 morning. I made a presentation to you, I believe  
2 it was last December, on enforcement options. And  
3 the staff has asked me to recap that here today,  
4 particularly given the fact that you may be  
5 wishing to consider enforcement actions as soon as  
6 the next business meeting.

7 The Energy Commission does have the  
8 authority to issue subpoenas to entities that  
9 don't provide the data that was identified in the  
10 Commission's adopted forms and instructions.

11 Entities have 15 days to respond with  
12 the data. If they don't do that, the Energy  
13 Commission can seek judicial enforcement in court.

14 In addition, the Commission can ask the  
15 staff to consider filing a complaint to initiate a  
16 complaint proceeding. That would be a vehicle by  
17 which the Commission could ultimately, if they  
18 decided it was appropriate, impose penalties on  
19 the entities that haven't filed sufficient  
20 information. The penalties are quite substantial  
21 and are likely to get -- I would think be likely  
22 to get people's attention.

23 So, at least initially those are the two  
24 options that the Commission can consider. And  
25 it's my understanding, based on discussions with

1 staff, that the Commission may be actually  
2 considering some enforcement action at the next  
3 business meeting. And I believe that the IEPR  
4 Committee may wish to ask that this item be held  
5 over in order to preserve that opportunity.

6 CHAIRMAN KEESE: Commissioner Geesman.

7 COMMISSIONER GEESMAN: Mr. Chairman, I'd  
8 recommend that we direct the Executive Director to  
9 send a letter to the City of Burbank explaining  
10 the importance of their submittal. And that we  
11 properly notice pending enforcement action for our  
12 next business meeting.

13 MR. THERKELSEN: Commissioners, we will  
14 take care of that.

15 COMMISSIONER GEESMAN: I would suggest  
16 also that you copy the California Municipal  
17 Utilities Association office here in Sacramento.

18 MR. THERKELSEN: Will do.

19 CHAIRMAN KEESE: Thank you. Is that --

20 COMMISSIONER GEESMAN: Unless there's  
21 any objection to that, why don't we just take that  
22 as something Bob will do.

23 CHAIRMAN KEESE: We have the advice, and  
24 the item is put over for two weeks.

25 MS. HOLMES: Thank you.

1 CHAIRMAN KEESE: It's in your hands.

2 Item 6, Forms and Instructions for the  
3 Electricity Resources and Bulk Transmission Data  
4 Submittal. Possible approval of additional forms  
5 and instructions for the electricity resources and  
6 bulk transmission data submittal.

7 Good morning, Mr. Alvarado.

8 MR. ALVARADO: Good morning, Chairman  
9 Keese, Commissioners. My name is Al Alvarado.  
10 I'm the project manager for the electricity  
11 systems assessments that the Energy Commission is  
12 conducting in support of the 2005 Energy Report.

13 To my right is Jim Woodward, who is  
14 responsible for preparing the report that we're  
15 presenting to you today.

16 We're asking for your consideration of  
17 the adoption of the 2005 IEPR Committee report  
18 titled, Supplemental Instructions and Errata to  
19 the Forms and Instructions for the Electricity  
20 Resource and Bulk Transmission Data Submittal.

21 The Commission adopted the first set of  
22 related data requests at the January 19th business  
23 meeting. In addition to these adopted forms and  
24 instructions, the Committee report proposes to  
25 have the load-serving entities file information

1 related to key scenarios and uncertainties.

2 The information will allow the Energy  
3 Commission to gain a better understanding of these  
4 uncertainties facing the state and regions'  
5 electricity system.

6 One important use of the resource  
7 scenario will be to develop a range of electricity  
8 resource need for consideration at the California  
9 Public Utilities Commission for their 2006  
10 procurement proceeding.

11 The Energy Report Committee did hold a  
12 workshop on February 15th, and did receive  
13 comments from a wide variety of market  
14 participants. After the workshop the Energy  
15 Report Committee did make modifications to reflect  
16 the suggestions and comments provided, and  
17 prepared the report that we have before you today.

18 In adopting the supplemental forms and  
19 instructions, the Energy Commission is  
20 specifically requiring relative parties to file  
21 information by April 1, 2005. The adoption of  
22 these forms and instructions will permit the  
23 Commission to engage in electricity resource  
24 analysis that will support the 2005 Energy Report.

25 CHAIRMAN KEESE: Thank you. We have

1 comment. Does anybody here care to say anything  
2 first?

3 Mr. Schoonyan.

4 MR. SCHOONYAN: Gary Schoonyan, Southern  
5 California Edison Company. I'll keep my comments  
6 very brief.

7 Basically three things. First of all, I  
8 did want to indicate that we did file yesterday in  
9 electronic form to the IEPR Committee, the Docket  
10 Office and what-have-you. So, hopefully  
11 everything's intact and here at the Commission.

12 Two comments with regards to the  
13 instructions. One is a suggested consideration.  
14 There was some discussion at the last Committee  
15 hearing with regards to the 200 megawatt and below  
16 folk that aren't going to be providing or  
17 submitting information.

18 It was indicated that that represents  
19 about 5 percent or a little under 5 percent of the  
20 resources or load within the state. Although 5  
21 percent is a small number, it still represents  
22 2500 megawatts.

23 And I guess our suggestion is that when  
24 one of these smaller load-serving entities files  
25 for an exemption, that it might be worthwhile for

1       this Commission to also require an affidavit from  
2       them indicating that they're fully resourced for  
3       the summers of 2005 and 2006.

4               We obviously know that there was a lot  
5       of concern over this timeframe, and still is some  
6       concern. And to the extent that the Commission is  
7       willing to exempt people from filing the necessary  
8       information that represent over 2000 megawatts of  
9       load, that at least from our perspective there  
10      ought to be some assurances made on those parties  
11      seeking an exemption that they are fully  
12      resourced.

13             The final item has to do with some of  
14      the sensitivities that Edison has been requested  
15      to run as part of the April filing. I will say to  
16      begin with that we will comply with whatever the  
17      Commission adopts today or whenever, with regards  
18      to this. In saying that I know that greatly  
19      mitigates the impact of any arguments that I have.

20             (Laughter.)

21             MR. SCHOONYAN: But, I'll still make  
22      some very brief arguments. The concerns we have  
23      are D-PV-2 analysis, the Mojave analysis, the  
24      SONGS analysis and a differing renewable standard  
25      for Edison.

1                   With regards to the first three, the D-  
2                   PV-2, that was adopted by the ISO; or at least  
3                   found favorable by the ISO earlier this -- or late  
4                   last month. We're proceeding with the Utilities  
5                   Commission to do that. It's just, from our  
6                   perspective, it's sort of we're doing the work,  
7                   we're getting on with it, it's being pursued by  
8                   another agency within the state I understand. But  
9                   having to go through another assessment on a  
10                  parallel path, at least from our perspective,  
11                  doesn't make a lot of sense.

12                 The same holds true for the Mojave and  
13                  the nuclear, those particular assessments. And I  
14                  say this in the context of knowing what's gone on  
15                  with the Energy Action Plan; the camaraderie  
16                  that's existed between the various agencies now;  
17                  the indication that one agency is going to adopt  
18                  and accept the findings of another, that at least  
19                  from our perspective, it doesn't seem, in essence,  
20                  a lot of this comes out of SB-1389, as well as SB-  
21                  1565. It encourages this sort of stuff, the  
22                  collaboration between the various regulatory  
23                  bodies.

24                 And so we're just a little perplexed  
25                  that we have to once again do something again for

1 another Commission, rather than just having this  
2 Commission adopt and look towards the findings  
3 that are going on at the Utilities Commission, or  
4 in the case of D-PV-2, also the ISO.

5 The final thing had to do with the  
6 differing renewable standard. I'm not going to  
7 make the same arguments that I've made before,  
8 although they're still applicable, in the essence  
9 of time.

10 I did want to indicate that just -- we  
11 are a leader in renewables in the state. That's  
12 been said; I think that's been pretty well  
13 recognized.

14 In order to keep up with that leadership  
15 role, however, a lot of the existing renewable  
16 arrangements that we have will be terminating or  
17 expiring -- not terminating, expiring during the  
18 ten-year planning horizon. So much so that nearly  
19 we're going to have to go out and procure at least  
20 1 percent just to keep -- every year, just to keep  
21 up to the level that we're at now. To basically  
22 put another burden on us beyond that, over and  
23 beyond what other utilities have and load-serving  
24 entities, just doesn't seem fair, frankly.

25 And I'll go one step further. I mean in



1 essence the requirements in the instructions  
2 dictate or request that utilities file the higher  
3 levels, the 33 percent sensitivity, which I think  
4 is an appropriate -- it's not 33, it's 28 percent  
5 by 2016 to get to the 33 percent by 2020.

6 But it doesn't make that same  
7 requirement on all load-serving entities. I mean  
8 it's basically just the IOUs. The larger energy  
9 electric service providers aren't required to do  
10 that, at least that's my understanding, to  
11 demonstrate that they're fulfilling their part of  
12 the renewable stretch goal that's been identified.

13 Anyway, those are my comments.  
14 Appreciate your consideration. Thank you.

15 CHAIRMAN KEESE: Thank you, Mr.  
16 Schoonyan.

17 COMMISSIONER GEESMAN: Mr. Chairman.

18 CHAIRMAN KEESE: Commissioner Geesman.

19 COMMISSIONER GEESMAN: Just like Gary I  
20 don't want to repeat things that I've already  
21 said, either. So, let me reflect on a couple of  
22 perhaps new wrinkles, or aspects that he may not  
23 be aware of.

24 I would refer you back to the September  
25 2004 assigned Commissioner ruling by Commissioner

1       Peevey in the procurement proceeding at the PUC to  
2       gain a better understanding of the linkage between  
3       our IEPR process and the CPUC's procurement  
4       process.

5               And I think reflecting upon that, and I  
6       understand the PUC is going to elaborate upon the  
7       ACR shortly, but reflecting upon the September  
8       ACR, I think you'll better understand the  
9       importance of the analysis that we've requested  
10      your company to do in the IEPR process.

11             And also as it relates to renewables. I  
12      asked the question at the en banc proceeding at  
13      the PUC last week regarding climate change to Bob  
14      Foster, the President of your company, how we  
15      could get you, Southern California Edison, to lead  
16      the charge from the existing 20 percent goal up to  
17      33 percent, which the Governor endorsed in the A  
18      pages of his budget proposal in January. And I  
19      thought Mr. Foster gave a very good answer. And I  
20      would recommend to you that when the PUC develops  
21      a transcript of those remarks, that you review  
22      that quite carefully. Because I think he's on the  
23      right trajectory.

24             Thank you.

25             CHAIRMAN KEESE: Thank you. And I would

1       make one other comment, which I was going to make  
2       later, but the Western Governors signed a protocol  
3       on the building of interstate pipelines. And that  
4       protocol requires whenever there is a project  
5       involving more than one state, that each of the  
6       governors appoint a point person so that the state  
7       will have some involvement in this multistate  
8       project, which would be reviewed under the rules  
9       of the protocol.

10               I know that people at Edison are aware  
11       of the existence of this protocol. The question  
12       was what pulls the trigger. And while some of us  
13       had hoped that the trigger was going to be pulled  
14       about a year ago, and that we would have a chance  
15       to work on it, that didn't happen. And the  
16       approval by the ISO, I believe, is the pulling of  
17       the trigger.

18               So, aside from the forums you're  
19       thinking of, Gary, there's going to be another  
20       forum that's going to be looking at this very  
21       shortly, as soon as the governors from the three  
22       states appoint their individuals to this group  
23       that will look at this, the PV, the Devers line.  
24       So, we'll be starting another one.

25               Do we have a motion on this item?

1                   COMMISSIONER GEESMAN: Mr. Chairman, I  
2 would move that we adopt the staff recommendation  
3 and the Committee report.

4                   COMMISSIONER BOYD: I'll second that.

5                   CHAIRMAN KEESE: Motion, Geesman;  
6 second, Boyd.

7                   All in favor?

8                   (Ayes.)

9                   CHAIRMAN KEESE: Opposed? Adopted five  
10 to nothing. Thank you.

11                  Minutes. Do I have a motion?

12                  COMMISSIONER ROSENFELD: I move the  
13 minutes.

14                  CHAIRMAN KEESE: Motion, Rosenfeld.

15                  COMMISSIONER GEESMAN: Second.

16                  CHAIRMAN KEESE: Second, Geesman.

17                  All in favor?

18                  (Ayes.)

19                  CHAIRMAN KEESE: Opposed?

20                  Item 8, Commission Committee and  
21 Oversight.

22                  COMMISSIONER BOYD: Mr. Chairman.

23                  CHAIRMAN KEESE: Commissioner Boyd.

24                  COMMISSIONER BOYD: I'd like to briefly  
25 mention that yesterday the biomass collaborative,

1       which is operated out of UC Davis, had its second  
2       annual meeting. It supported, it was initially  
3       supporting and continued to be supported by this  
4       Commission.

5               At that collaborative the  
6       Administration, in the person of Deputy Secretary  
7       Desmond, announced this Administration's interest  
8       in this subject of biomass, bioenergy. And they  
9       asked this agency, and yours truly, to activate or  
10      reactivate the biomass, now maybe perhaps  
11      bioenergy working group to formulate some  
12      policies, some legislative recommendations to  
13      provide better interface with the federal  
14      government to try to get some funding to assist us  
15      in that, so on and so forth.

16             So, another new activity has been pushed  
17      our way. And I've had discussions with the  
18      executive office over us carrying this out. So I  
19      just wanted to make all of you aware of that fact.  
20      Thank you.

21             CHAIRMAN KEESE: Thank you. Any --  
22             Chief Counsel's report.

23             MR. CHAMBERLAIN: Yes, Mr. Chairman. At  
24      the last business meeting I reported on the Ninth  
25      Circuit's decision in the Air Conditioning and

1 Refrigeration Institute case.

2 A petition for rehearing and suggestion  
3 for rehearing en banc was filed on the 17th of  
4 February. And our office is preparing a response  
5 to that. However, we anticipate that it's quite  
6 possible that we will not have to file that.

7 The rules are that the court will not  
8 grant a petition for rehearing or suggestion for  
9 rehearing en banc without asking for a response to  
10 a petition. But we don't know exactly how long  
11 they would give us if they did ask for one. So  
12 we're prepared.

13 CHAIRMAN KEESE: Thank you. And I'm  
14 actually glad you brought that up here, because  
15 kudos around the country for the victory to the  
16 Commission.

17 Executive Director's report.

18 MR. THERKELSEN: Good morning,  
19 Commissioners. The Chairman mentioned earlier  
20 that Mark Hutchison, our budget officer, has  
21 departed for another position, actually a  
22 promotion that's well deserved.

23 And we are going to be performing an  
24 audit on the books, make sure he left all the  
25 money in the bank.

1 (Laughter.)

2 MR. THERKELSEN: Mark did develop some  
3 very capable people, and Randy Roesser and Cheryl  
4 Riedel are going to be working together to make  
5 sure that the office maintains on even keel until  
6 we're able to fill Mark's position. But we will  
7 miss Mark.

8 CHAIRMAN KEESE: Thank you. Legislative  
9 Director's report.

10 MS. MARTIN: I'd just like to let the  
11 Commissioners know that most of the bills are in.  
12 There are a lot of energy bills. We will be  
13 providing you with a list of all the bills, plus  
14 broken out in your subject matter area.

15 And I wanted to take this opportunity to  
16 thank Chairman Keese for the leadership and  
17 guidance that he's given to the Committee that we  
18 work for, the Legislative and Intergovernmental  
19 Committee. You've been wonderful to work with;  
20 appreciate all your assistance and support. We're  
21 going to miss you.

22 CHAIRMAN KEESE: Thank you.

23 Public Adviser's report.

24 MR. BARTSCH: Mr. Chairman, Members,  
25 Nick Bartsch representing Margret Kim. We don't

1 have anything new to report.

2 CHAIRMAN KEESE: Thank you. Under item  
3 13, public comment, Mr. Oltman, are you on the  
4 line?

5 MR. OLTMAN: Good morning. My name is  
6 Steve Oltman. I'm a citizen in Los Angeles, a  
7 business owner. And, you know, I wanted to thank  
8 the Commission for just a few brief minutes.

9 I harken back to the problems we had  
10 with energy in the summer of rolling blackouts;  
11 and a couple years ago, the issue was East Coast  
12 blackout.

13 Considering the fact that we didn't get  
14 a national energy bill, I'm curious to know what,  
15 you know, California's doing to alleviate the  
16 congestion and increase capacity.

17 If I understand correctly there is an  
18 energy policy within the state, you know, to  
19 upgrade and expand transmission and distribution.  
20 Who, within -- I guess who leads the charge within  
21 California to make sure that that gets done?  
22 Specifically, you know, is it the responsibility  
23 of the Commission, or is it the responsibility of  
24 the utilities?

25 CHAIRMAN KEESE: Let me -- this is Bill



1       Keese, the Chairman. I'm going to ask that you  
2       carry on this conversation offline with our  
3       Executive Director, Bob Therkelsen. And he can be  
4       reached at (916) 654-4996.

5               Let me briefly say that while it's a  
6       responsibility of each of the utilities and other  
7       load-serving entities in their own territories,  
8       there's also a responsibility of government to do  
9       this. And that's being done right now through a  
10      collaborative of the Public Utilities Commission,  
11      the Energy Commission, the Independent System  
12      Operator. And we have actually put out documents  
13      on what it will take to assure sufficiency of  
14      supply and transmission next year.

15             So, we take public comment at this time.  
16      We can't really go -- I can't ask for witnesses to  
17      come forward. If you would call Mr. Therkelsen he  
18      will take care of your answer. He has the answer  
19      in spades.

20             MR. OLTMAN: Very good. I appreciate  
21      your time.

22             CHAIRMAN KEESE: Thank you, Mr. Oltman.

23             MR. OLTMAN: Have a great day. Thank  
24      you.

25             CHAIRMAN KEESE: Okay. Thank you.

1 Any other public comment at this time?

2 Any more surprises?

3 We are going to go into a very brief  
4 executive session. I think since we're all here  
5 we'll just do it in the back room. We're going to  
6 go into an executive session on personnel issues.

7 Then if we can finish that before 11:00,  
8 we're going to, as a Commission, come back here  
9 and have a general discussion of some of the  
10 entities that the Energy Commission deals with  
11 among the Commissioners. We're going to go to the  
12 third floor, but I think we'll just come back in  
13 here for a few minutes. And we will adjourn  
14 outside at precisely 11:00. So very brief.

15 And then that will be the end of our  
16 meeting.

17 (Chairman Keese passes the gavel "with  
18 pleasure" to Commissioner Pfannenstiel.)

19 (Whereupon, at 10:46 a.m., the business  
20 meeting was adjourned into executive  
21 session.)

22 --o0o--

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## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,  
do hereby certify that I am a disinterested person  
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I further certify that I am not of  
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IN WITNESS WHEREOF, I have hereunto set  
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